

By: 

S.J.R. No. 12

SENATE
JOINT RESOLUTION

proposing a constitutional amendment to authorize use of the permanent school fund to guarantee school bonds.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. That Article VII, Section 5, of the Texas Constitution be amended to read as follows:

"Section 5. (a) The principal of all bonds and other funds, and the principal arising from the sale of the lands hereinbefore set apart to said school fund, shall be the permanent school fund, and all the interest derivable therefrom and the taxes herein authorized and levied shall be the available school fund. The available school fund shall be applied annually to the support of the public free schools. Except as provided by this section, [And] no law shall ever be enacted appropriating any part of the permanent or available school fund to any other purpose whatever; nor shall the same, or any part thereof ever be appropriated to or used for the support of any sectarian school; and the available school fund herein provided shall be distributed to the several counties according to their scholastic population and applied in such manner as may be provided by law.

"(b) The legislature by law may provide for using the permanent school fund and the income from the permanent school fund to guarantee bonds issued by school districts.

"(c) The legislature may appropriate part of the available school fund for administration of the permanent school fund or of a $\frac{1}{2}$

1 bond guarantee program established under this section. //

2 SECTION 2. This proposed constitutional amendment shall be
3 submitted to the voters at an election to be held November 8, 1983.
4 The ballot shall be printed to provide for voting for or against
5 the proposition: "The constitutional amendment authorizing use of
6 the permanent school fund to guarantee bonds issued by school
7 districts."

1 By: Jones

S.J.R. No. 12

2 (In the Senate - Filed February 8, 1983; February 9, 1983,
3 read first time and referred to Committee on Education;
4 April 11, 1983, reported favorably; April 11, 1983, sent to
5 printer.)

6 SENATE JOINT RESOLUTION

7 proposing a constitutional amendment to authorize use of the
8 permanent school fund to guarantee school bonds.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

10 SECTION 1. That Article VII, Section 5, of the Texas
11 Constitution be amended to read as follows:

12 "Section 5. (a) The principal of all bonds and other funds,
13 and the principal arising from the sale of the lands hereinbefore
14 set apart to said school fund, shall be the permanent school fund,
15 and all the interest derivable therefrom and the taxes herein
16 authorized and levied shall be the available school fund. The
17 available school fund shall be applied annually to the support of
18 the public free schools. Except as provided by this section, [And]
19 no law shall ever be enacted appropriating any part of the
20 permanent or available school fund to any other purpose whatever;
21 nor shall the same, or any part thereof ever be appropriated to or
22 used for the support of any sectarian school; and the available
23 school fund herein provided shall be distributed to the several
24 counties according to their scholastic population and applied in
25 such manner as may be provided by law.

26 "(b) The legislature by law may provide for using the
27 permanent school fund and the income from the permanent school fund
28 to guarantee bonds issued by school districts.

29 "(c) The legislature may appropriate part of the available
30 school fund for administration of the permanent school fund or of a
31 bond guarantee program established under this section."

32 SECTION 2. This proposed constitutional amendment shall be
33 submitted to the voters at an election to be held November 8, 1983.
34 The ballot shall be printed to provide for voting for or against
35 the proposition: "The constitutional amendment authorizing use of
36 the permanent school fund to guarantee bonds issued by school
37 districts."

38 * * * * *

39 Austin, Texas
40 April 11, 1983

41 Hon. William P. Hobby
42 President of the Senate

43 Sir:

44 We, your Committee on Education to which was referred S.J.R. No.
45 12, have had the same under consideration, and I am instructed to
46 report it back to the Senate with the recommendation that it do
47 pass and be printed.

48 Parker, Chairman

BILL ANALYSIS

BACKGROUND: The constitutionally guaranteed Permanent School Fund of Texas produces an annual income of approximately \$500 million per year on a principle of \$3.5 billion, which is expected to grow to \$9.48 billion by the end of the decade. This income is used to support the state's public schools, and represents a unique source of school finance revenues among the 50 states. However, construction costs and other expenses to local school districts in Texas continue to increase. School districts raise money for construction and other purposes through the sale of bonds. An interim study conducted by the S.C.R. 22 Select Committee on Public Education reported that the most effective way to help save school district interest costs in the municipal bond market is to provide assistance in improving their bond ratings through a guarantee arrangement using a large and stable financial source, such as the Permanent School Fund. The Committee reports that a guarantee from the Fund would save a significant amount of local tax dollars. To provide such a guarantee, it would be necessary to amend the State Constitution.

PURPOSE: To authorize the use of the Permanent School Fund to guarantee school bonds.

SUMMARY:

Section 1. Amends Article VII, Section 5, of the Texas Constitution, adding language to paragraph (a) and new paragraphs (b) and (c) permitting use of the Fund and income from the Fund to guarantee bonds issued by school districts, and permitting appropriation of funds for administration of such a bond program.

Section 2. Sets a November 8, 1983 election date for submission of the proposed amendment to the voters, and sets out the language for the ballot proposition.

RULEMAKING AUTHORITY: It is the opinion of the Committee that this resolution does not delegate rulemaking authority to any state officer, agency, department or institution.

DG

2/15/83

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

March 7, 1983

Honorable Carl A. Parker, Chairman
Committee on Education
Senate Chamber
Austin, Texas

In Re: Senate Joint Resolution No. 12
By: Jones

Sir:

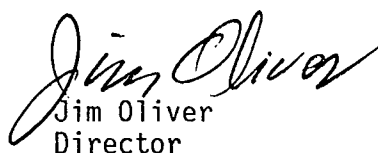
In response to your request for a Fiscal Note on Senate Joint Resolution No. 12 (proposing a constitutional amendment to authorize use of the Permanent School Fund to guarantee school bonds) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The cost to publish the proposed amendment in both English and Spanish would approximate \$47,750 during fiscal year 1984.

The proposed amendment would authorize the Legislature to provide for using the Permanent School Fund and the income from the Permanent School Fund to guarantee bonds issued by school districts. Although state guarantee of local school bond issues has little impact on the interest rate of issues rated triple-A or double-A, the state guarantee can produce significant savings on issues rated BAA or lower. At present, with municipal interest rates in a general area of nine to ten-and-a-half percent, the state guarantee would be worth from three-quarters of one percent to one-and-a-half percent to the issuer. If municipal interest rates should return to higher levels, the savings from the guarantee would expand, perhaps, to one-and-three-quarters to two-and-a-quarter percent. The dollar amount of the savings to local school districts would depend upon the condition of the bond market for municipals and the aggregate amount of the issues rated below double-A.

The resolution also proposes to authorize the Legislature to appropriate part of the Available School Fund for administration of the Permanent School Fund. This administrative cost is budgeted at \$556,653 in the current fiscal year, financed from earned federal funds. In fiscal 1984 and thereafter, it is anticipated that this administrative cost would be financed, under present law, from the General Revenue Fund. If Senate Joint Resolution No. 12 is finally adopted and Available School Fund revenues could be used for this portion of agency administration, the amount used would not be distributed to local school districts in support of the state's share of the cost of the Foundation School Program. That amount would be made up from the General Revenue Fund for all but the budget balance districts with no significant savings to the state and minimal fiscal impact to local school districts.


Jim Oliver
Director

Source: Secretary of State; Texas Education Agency;
Municipal Advisory Council; LBB Staff: JO, HS, LV

April 21 19 83 Engrossed
Patsy Spaw
Engrossing Clerk

1993 APR 25 PM 5:39

HOUSE OF REPRESENTATIVES

I certify that the attached is a true and correct
copy of SPR 12, which was
received from the Senate on APR 23 1993, and
referred to the Committee on Public Education

Barry Messer
Chief Clerk of the House

By: Jones
(Haley)

S.J.R. No. 12

SENATE JOINT RESOLUTION

proposing a constitutional amendment to authorize use of the
permanent school fund to guarantee school bonds.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. That Article VII, Section 5, of the Texas
Constitution be amended to read as follows:

"Section 5. (a) The principal of all bonds and other funds,
and the principal arising from the sale of the lands hereinbefore
set apart to said school fund, shall be the permanent school fund,
and all the interest derivable therefrom and the taxes herein
authorized and levied shall be the available school fund. The
available school fund shall be applied annually to the support of
the public free schools. Except as provided by this section, [And]
no law shall ever be enacted appropriating any part of the
permanent or available school fund to any other purpose whatever;
nor shall the same, or any part thereof ever be appropriated to or
used for the support of any sectarian school; and the available
school fund herein provided shall be distributed to the several
counties according to their scholastic population and applied in
such manner as may be provided by law.

"(b) The legislature by law may provide for using the
permanent school fund and the income from the permanent school fund
to guarantee bonds issued by school districts.

"(c) The legislature may appropriate part of the available
school fund for administration of the permanent school fund or of a

1 bond guarantee program established under this section."

2 SECTION 2. This proposed constitutional amendment shall be
3 submitted to the voters at an election to be held November 8, 1983.
4 The ballot shall be printed to provide for voting for or against
5 the proposition: "The constitutional amendment authorizing use of
6 the permanent school fund to guarantee bonds issued by school
7 districts."

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

March 7, 1983

Honorable Carl A. Parker, Chairman
Committee on Education
Senate Chamber
Austin, Texas

In Re: Senate Joint Resolution No. 12
By: Jones

Sir:


In response to your request for a Fiscal Note on Senate Joint Resolution No. 12 (proposing a constitutional amendment to authorize use of the Permanent School Fund to guarantee school bonds) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The cost to publish the proposed amendment in both English and Spanish would approximate \$47,750 during fiscal year 1984.

The proposed amendment would authorize the Legislature to provide for using the Permanent School Fund and the income from the Permanent School Fund to guarantee bonds issued by school districts. Although state guarantee of local school bond issues has little impact on the interest rate of issues rated triple-A or double-A, the state guarantee can produce significant savings on issues rated BAA or lower. At present, with municipal interest rates in a general area of nine to ten-and-a-half percent, the state guarantee would be worth from three-quarters of one percent to one-and-a-half percent to the issuer. If municipal interest rates should return to higher levels, the savings from the guarantee would expand, perhaps, to one-and-three-quarters to two-and-a-quarter percent. The dollar amount of the savings to local school districts would depend upon the condition of the bond market for municipals and the aggregate amount of the issues rated below double-A.

The resolution also proposes to authorize the Legislature to appropriate part of the Available School Fund for administration of the Permanent School Fund. This administrative cost is budgeted at \$556,653 in the current fiscal year, financed from earned federal funds. In fiscal 1984 and thereafter, it is anticipated that this administrative cost would be financed, under present law, from the General Revenue Fund. If Senate Joint Resolution No. 12 is finally adopted and Available School Fund revenues could be used for this portion of agency administration, the amount used would not be distributed to local school districts in support of the state's share of the cost of the Foundation School Program. That amount would be made up from the General Revenue Fund for all but the budget balance districts with no significant savings to the state and minimal fiscal impact to local school districts.


Jim Oliver
Director

Source: Secretary of State; Texas Education Agency;
Municipal Advisory Council; LBB Staff: JO, HS, LV

1963 APR 26 PM 4: 57
HOUSE OF REPRESENTATIVES

HOUSE COMMITTEE REPORT

1st Printing

By: Jones
(Haley)

S.J.R. No. 12

SENATE JOINT RESOLUTION

proposing a constitutional amendment to authorize use of the permanent school fund to guarantee school bonds.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. That Article VII, Section 5, of the Texas Constitution be amended to read as follows:

"Section 5. (a) The principal of all bonds and other funds, and the principal arising from the sale of the lands hereinbefore set apart to said school fund, shall be the permanent school fund, and all the interest derivable therefrom and the taxes herein authorized and levied shall be the available school fund. The available school fund shall be applied annually to the support of the public free schools. Except as provided by this section, [And] no law shall ever be enacted appropriating any part of the permanent or available school fund to any other purpose whatever; nor shall the same, or any part thereof ever be appropriated to or used for the support of any sectarian school; and the available school fund herein provided shall be distributed to the several counties according to their scholastic population and applied in such manner as may be provided by law.

"(b) The legislature by law may provide for using the permanent school fund and the income from the permanent school fund to guarantee bonds issued by school districts.

"(c) The legislature may appropriate part of the available school fund for administration of the permanent school fund or of a

1 bond guarantee program established under this section."

2 SECTION 2. This proposed constitutional amendment shall be
3 submitted to the voters at an election to be held November 8, 1983.
4 The ballot shall be printed to provide for voting for or against
5 the proposition: "The constitutional amendment authorizing use of
6 the permanent school fund to guarantee bonds issued by school
7 districts."

COMMITTEE REPORT

The Honorable Gib Lewis
Speaker of the House of Representatives

4-26-83
(date)

Sir:

We, your COMMITTEE ON PUBLIC EDUCATION, to whom was referred S.J.R. 12 have had the same under consideration and beg to report back with the recommendation that it (measure)

- (☒) do pass, without amendment.
- (☐) do pass, with amendment(s).
- (☐) do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. (☒) yes (☐) no

An author's fiscal statement was requested. (☐) yes (☒) no

An actuarial analysis was requested. (☐) yes (☒) no

The Committee recommends that this measure be placed on the (~~Local~~) or (~~Consent~~) Calendar.

This measure (☒) proposes ~~new law~~ to amend the CONSTITUTION.
(☐) amends existing law.

House Sponsor of Senate Measure HALEY

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Haley, Ch.	<input checked="" type="checkbox"/>			
Glossbrenner, V.C.	<input checked="" type="checkbox"/>			
Blanton, C.B.O.	<input checked="" type="checkbox"/>			
Evans, C.				<input checked="" type="checkbox"/>
Fox	<input checked="" type="checkbox"/>			
Grisham	<input checked="" type="checkbox"/>			
Hammond				<input checked="" type="checkbox"/>
Heflin	<input checked="" type="checkbox"/>			
Ragsdale				<input checked="" type="checkbox"/>

Total
6 aye
0 nay
0 present, not voting
3 absent

Bill Haley
CHAIRMAN
Reynolds
COMMITTEE COORDINATOR

COMMITTEE ON PUBLIC EDUCATION

S.J.R. 12

BY: JONES

BILL ANALYSIS

BACKGROUND INFORMATION:

S.J.R. 12 is the enabling legislation for S.B. 384. They are the companion documents for H.J.R. 43 and H.B. 715. A constitutional amendment is required because the constitution restricts using full faith and credit of the state to guarantee debt.

PURPOSE:

S.J.R. 12 proposes a constitutional amendment to authorize use of the permanent school fund to guarantee school bonds.

SECTION BY SECTION ANALYSIS:

Section 1. Amends Article VII, Section 5 of the Texas Constitution to allow the legislature by law to use the permanent school fund and the income from the fund to guarantee bonds of school districts. The legislature may appropriate part of the available school fund for the administration of the permanent school fund or this act.

Section 2. Election date and ballot information.

RULEMAKING AUTHORITY:

It is the opinion of the committee that rulemaking authority is not granted to any state agency, office, department, or individual.

SUMMARY OF COMMITTEE ACTION:

Public notice was posted in accordance with the Rules of Procedure of the House of Representatives and a public hearing was held on H.J.R. 43, companion to S.J.R. 12.

The following testified on behalf of H.J.R. 43:

Eugene Sehpherd, Select Committee on Public Education.

The following were shown in support of H.J.R. 43:

David Thompson, Texas Association of School Boards.

Charles Mathews, Texas Association of School Administrators.

There was no opposition to H.J.R. 43.

On April 11, 1983, the Committee on Public Education, voted to report H.J.R. 43 to the House with the recommendation that it do pass and be printed by a vote of eight (8) ayes, zero (0) nays, zero (0) present, and one (1) absent.

On April 26, 1983, the Committee on Public Education, voted to report S.J.R. 12, companion to H.J.R. 43, to the House of Representatives with the recommendation that it do pass and be printed by a vote of six (6) ayes, zero (0) nays, zero (0) present, and three (3) absent.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

April 26, 1983

Honorable Bill Haley, Chair
Committee on Public Education
House of Representatives
Austin, Texas

In Re: Senate Joint Resolution No. 12,
as engrossed
By: Jones

Sir:

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12, as engrossed (proposing a constitutional amendment to authorize use of the Permanent School Fund to guarantee school bonds), this office has determined the following:

The resolution would make no appropriation but could provide the legal basis for an appropriation of funds.

The cost to publish the proposed amendment in both English and Spanish would approximate \$47,750 during fiscal year 1984.

The proposed amendment would authorize the Legislature to provide for using the Permanent School Fund and the income from the Permanent School Fund to guarantee bonds issued by school districts. Although state guarantee of local school bond issues has little impact on the interest rate of issues rated triple-A or double-A, the state guarantee can produce significant savings on issues rated BAA or lower. At present, with municipal interest rates in a general area of nine to ten-and-a-half percent, the state guarantee would be worth from three-quarters of one percent to one-and-a-half percent to the issuer. If municipal interest rates should return to higher levels, the savings from the guarantee would expand, perhaps, to one-and-three-quarters to two-and-a-quarter percent. The dollar amount of the savings to local school districts would depend upon the condition of the bond market for municipals and the aggregate amount of the issues rated below double-A.

The resolution also proposes to authorize the Legislature to appropriate part of the Available School Fund for administration of the Permanent School Fund. This administrative cost is budgeted at \$556,653 in the current fiscal year, financed from earned federal funds. In fiscal 1984 and thereafter, it is anticipated that this administrative cost would be financed, under present law, from the General Revenue Fund. If House Joint Resolution No. 43 is finally adopted and Available School Fund revenues could be used for this portion of agency administration, the amount used would not be distributed to local school districts in support of the state's share of the cost of the Foundation School Program. That amount would be made up from the General Revenue Fund for all but the budget balance districts with no significant savings to the state and minimal fiscal impact to local school districts.


Jim Oliver
Director

Source: Secretary of State; Texas Education Agency;
Municipal Advisory Council; LBB Staff: JO, HS, DM

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

March 7, 1983

Honorable Carl A. Parker, Chairman
Committee on Education
Senate Chamber
Austin, Texas

In Re: Senate Joint Resolution No. 12
By: Jones

Sir:

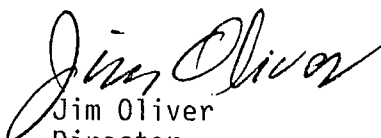
In response to your request for a Fiscal Note on Senate Joint Resolution No. 12 (proposing a constitutional amendment to authorize use of the Permanent School Fund to guarantee school bonds) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

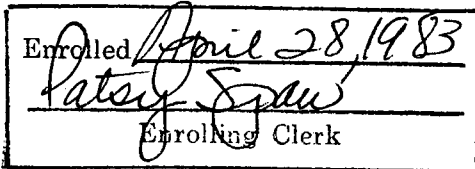
The cost to publish the proposed amendment in both English and Spanish would approximate \$47,750 during fiscal year 1984.

The proposed amendment would authorize the Legislature to provide for using the Permanent School Fund and the income from the Permanent School Fund to guarantee bonds issued by school districts. Although state guarantee of local school bond issues has little impact on the interest rate of issues rated triple-A or double-A, the state guarantee can produce significant savings on issues rated BAA or lower. At present, with municipal interest rates in a general area of nine to ten-and-a-half percent, the state guarantee would be worth from three-quarters of one percent to one-and-a-half percent to the issuer. If municipal interest rates should return to higher levels, the savings from the guarantee would expand, perhaps, to one-and-three-quarters to two-and-a-quarter percent. The dollar amount of the savings to local school districts would depend upon the condition of the bond market for municipals and the aggregate amount of the issues rated below double-A.

The resolution also proposes to authorize the Legislature to appropriate part of the Available School Fund for administration of the Permanent School Fund. This administrative cost is budgeted at \$556,653 in the current fiscal year, financed from earned federal funds. In fiscal 1984 and thereafter, it is anticipated that this administrative cost would be financed, under present law, from the General Revenue Fund. If Senate Joint Resolution No. 12 is finally adopted and Available School Fund revenues could be used for this portion of agency administration, the amount used would not be distributed to local school districts in support of the state's share of the cost of the Foundation School Program. That amount would be made up from the General Revenue Fund for all but the budget balance districts with no significant savings to the state and minimal fiscal impact to local school districts.


Jim Oliver
Director

Source: Secretary of State; Texas Education Agency;
Municipal Advisory Council; LBB Staff: JO, HS, LV



S.J.R. No. 12

SENATE JOINT RESOLUTION

proposing a constitutional amendment to authorize use of the permanent school fund to guarantee school bonds.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. That Article VII, Section 5, of the Texas Constitution be amended to read as follows:

"Section 5. (a) The principal of all bonds and other funds, and the principal arising from the sale of the lands hereinbefore set apart to said school fund, shall be the permanent school fund, and all the interest derivable therefrom and the taxes herein authorized and levied shall be the available school fund. The available school fund shall be applied annually to the support of the public free schools. Except as provided by this section, [And] no law shall ever be enacted appropriating any part of the permanent or available school fund to any other purpose whatever; nor shall the same, or any part thereof ever be appropriated to or used for the support of any sectarian school; and the available school fund herein provided shall be distributed to the several counties according to their scholastic population and applied in such manner as may be provided by law.

"(b) The legislature by law may provide for using the permanent school fund and the income from the permanent school fund to guarantee bonds issued by school districts.

"(c) The legislature may appropriate part of the available school fund for administration of the permanent school fund or of a

1 bond guarantee program established under this section."

2 SECTION 2. This proposed constitutional amendment shall be
3 submitted to the voters at an election to be held November 8, 1983.
4 The ballot shall be printed to provide for voting for or against
5 the proposition: "The constitutional amendment authorizing use of
6 the permanent school fund to guarantee bonds issued by school
7 districts."

0-
1566

S.J.R. No. 12

President of the Senate

Speaker of the House

I hereby certify that S.J.R. No. 12 was passed by the Senate on April 21, 1983, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.J.R. No. 12 was passed by the House on April 28, 1983, by the following vote: Yeas 123, Nays 13, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

April 26, 1983

Honorable Bill Haley, Chair
Committee on Public Education
House of Representatives
Austin, Texas

In Re: Senate Joint Resolution No. 12,
as engrossed
By: Jones

Sir:

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12, as engrossed (proposing a constitutional amendment to authorize use of the Permanent School Fund to guarantee school bonds), this office has determined the following:

The resolution would make no appropriation but could provide the legal basis for an appropriation of funds.

The cost to publish the proposed amendment in both English and Spanish would approximate \$47,750 during fiscal year 1984.

The proposed amendment would authorize the Legislature to provide for using the Permanent School Fund and the income from the Permanent School Fund to guarantee bonds issued by school districts. Although state guarantee of local school bond issues has little impact on the interest rate of issues rated triple-A or double-A, the state guarantee can produce significant savings on issues rated BAA or lower. At present, with municipal interest rates in a general area of nine to ten-and-a-half percent, the state guarantee would be worth from three-quarters of one percent to one-and-a-half percent to the issuer. If municipal interest rates should return to higher levels, the savings from the guarantee would expand, perhaps, to one-and-three-quarters to two-and-a-quarter percent. The dollar amount of the savings to local school districts would depend upon the condition of the bond market for municipals and the aggregate amount of the issues rated below double-A.

The resolution also proposes to authorize the Legislature to appropriate part of the Available School Fund for administration of the Permanent School Fund. This administrative cost is budgeted at \$556,653 in the current fiscal year, financed from earned federal funds. In fiscal 1984 and thereafter, it is anticipated that this administrative cost would be financed, under present law, from the General Revenue Fund. If House Joint Resolution No. 43 is finally adopted and Available School Fund revenues could be used for this portion of agency administration, the amount used would not be distributed to local school districts in support of the state's share of the cost of the Foundation School Program. That amount would be made up from the General Revenue Fund for all but the budget balance districts with no significant savings to the state and minimal fiscal impact to local school districts.


Jim Oliver
Director

Source: Secretary of State; Texas Education Agency;
Municipal Advisory Council; LBB Staff: JO, HS, DM

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

March 7, 1983

Honorable Carl A. Parker, Chairman
Committee on Education
Senate Chamber
Austin, Texas

In Re: Senate Joint Resolution No. 12
By: Jones

Sir:

In response to your request for a Fiscal Note on Senate Joint Resolution No. 12 (proposing a constitutional amendment to authorize use of the Permanent School Fund to guarantee school bonds) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The cost to publish the proposed amendment in both English and Spanish would approximate \$47,750 during fiscal year 1984.

The proposed amendment would authorize the Legislature to provide for using the Permanent School Fund and the income from the Permanent School Fund to guarantee bonds issued by school districts. Although state guarantee of local school bond issues has little impact on the interest rate of issues rated triple-A or double-A, the state guarantee can produce significant savings on issues rated BAA or lower. At present, with municipal interest rates in a general area of nine to ten-and-a-half percent, the state guarantee would be worth from three-quarters of one percent to one-and-a-half percent to the issuer. If municipal interest rates should return to higher levels, the savings from the guarantee would expand, perhaps, to one-and-three-quarters to two-and-a-quarter percent. The dollar amount of the savings to local school districts would depend upon the condition of the bond market for municipals and the aggregate amount of the issues rated below double-A.

The resolution also proposes to authorize the Legislature to appropriate part of the Available School Fund for administration of the Permanent School Fund. This administrative cost is budgeted at \$556,653 in the current fiscal year, financed from earned federal funds. In fiscal 1984 and thereafter, it is anticipated that this administrative cost would be financed, under present law, from the General Revenue Fund. If Senate Joint Resolution No. 12 is finally adopted and Available School Fund revenues could be used for this portion of agency administration, the amount used would not be distributed to local school districts in support of the state's share of the cost of the Foundation School Program. That amount would be made up from the General Revenue Fund for all but the budget balance districts with no significant savings to the state and minimal fiscal impact to local school districts.


Jim Oliver
Director

Source: Secretary of State; Texas Education Agency;
Municipal Advisory Council; LBB Staff: JO, HS, LV

S. J. R. No. 12

By Grant Spaw

proposing a constitutional amendment to authorize use of the permanent school fund to guarantee school bonds.

2-8-83

Filed with the Secretary of the Senate

FEB 9 1983 Read, referred to Committee on EDUCATION

April 11, 83 Reported favorably.

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed.

APR 21 1983

Senate and Constitutional Rules to permit consideration suspended by

unanimous consent

_____ yeas, _____ nays.

To permit consideration, reading and passage, Senate and Constitutional Rules suspended by vote of _____ yeas, _____ nays.

APR 21 1983

Read second time and ordered engrossed.
passed to third reading

Caption ordered amended to conform to body of bill.

APR 21 1983

Senate and Constitutional 3-Day Rules suspended by vote of 30 yeas, 1 nays to place bill on third reading and final passage.

APR 21 1983

Read third time and passed by a viva voce vote
31 yeas, 0 nays.

OTHER ACTION:

Betsy King

Secretary of the Senate

April 2, 1983 Engrossed

4-25-83 Sent to HOUSE

Patsy Spaw

ENGROSSING CLERK

APR 2 5 1983

Received from the Senate

APR 2 5 1983

Read first time and referred to Committee on Public Education

APR 2 6 1983

Reported favorably ~~amended~~, sent to Printer 2:50 pm

APR 2 6 1983

Printed and Distributed 4:57 p.m.

APR 2 7 1983

Sent to Committee on Calendars 11:59 am

APR 2 8 1983

Read second time (~~amended~~) and finally adopted

~~failed adoption~~ by Record Vote of 123 yeas 13 nays 1 present not voting

Read third time (amended) and finally adopted

failed adoption by a Record Vote of _____ yeas _____ nays _____ present not voting

Caption ordered amended to conform to body of resolution

APR 2 8 1983

Returned to Senate.

Betsy Manning
Chief Clerk of the House

APR 2 8 1983

RETURNED FROM HOUSE